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Editorial Comment: What are Nonprofit Hospitals Reporting as Community Building Activities as Community Benefit?

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Abstract

The paper presented by these researchers, is, as would be expected, well thought out and supported by their careful research. It correctly concludes that the topic of hospitals' role in addressing social determinants of health deserves more attention. However, in the future, examination of the IRS Form 990 Schedule H Part II, Community Building, will not be the best way to do it.

Keywords

Nonprofit Hospitals, Population Health, Public Health Funding, New York, Community Benefit

The paper presented by these researchers, is, as would be expected, well thought out and supported by their careful research. It correctly concludes that the topic of hospitals' role in addressing social determinants of health deserves more attention. However, in the future, examination of the IRS Form 990 Schedule H Part II, Community Building, will not be the best way to do it.

Here is the problem: the IRS Form 990 Schedule H (Schedule H) category of Community Building does not and will not measure hospitals' contributions to the social, economic and environmental health in their communities.

Since the Internal Revenue Service based most of its categories for Schedule H on the work of the Catholic Health Association of the United States (CHA), it might be useful to review some history.

CHA's original book (1) did not have discrete categories of community benefit, but rather a "Prompter Checklist" with sub headings to help hospitals conduct inventories of their existing programs. This did not lend itself to tracking subsequent years' community benefit activity because some items, such as clinics, were included in several places leading to inconsistent reporting. This was a particular problem for health care systems needing to rollup reports for multiple hospitals.

Over several months, community benefit leaders from CHA and its partners developed a standardized list of categories but there remained a group of non-medical activities that many argued were even more important than the others and included low income housing initiatives and other activities that addressed the root causes of health problems. These were labeled "Community Building" and became a community benefit category in CHA's revised manuals. (2) (3)

When the Internal Revenue Service began its work on a new community benefit reporting system, hospital representatives and IRS lawyers sat together to discuss each of CHA's category. An example of a community building was described as starting a charter school in a troubled school district. The IRS lawyers said something like, "starting a charter school might be a good idea, but it certainly doesn't sound like health care and it does not seem related to tax-exempt purpose of hospitals." So the community building category was divorced from the other community benefits and was reported in a separate section.

Many commenters urged that the Community Building category needed equal status with the other categories. As the authors report, in 2012 IRS revised the Schedule H instructions to permit community building activities to be reported in the community benefit section of the form as "Community Health Improvement" if the activity met the definition (addressed a community health need and met a community benefit objective, such as improving community health) as long as it was not also reported in Part II, Community Building.

With this change, CHA recommended using the Community Health Improvement category rather than Community Building. The 2012 edition of CHA's *A Guide to Planning and Reporting Community Benefit* added a subcategory to the Community Health Improvement category, "Social and Environmental Improvement Activities" defined as, "programs and activities that improve the

health of persons in the community by addressing the determinants of health, which includes the social, economic and physical environment.”

In the future, it is expected that little will be reported in the IRS Form 990 Schedule H category of community building. This will not necessarily mean that hospitals are not engaged in activities related to the determinants of health. The authors are right on the appropriateness of researching the role of hospitals in addressing determinants of health. But examining Schedule H will not be the way to do it.

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